State of Iowa Projected Condition of the General Fund Budget

(Dollars in Millions)

	Actual FY 2012	Revised FY 2013 1/	Projected FY 2014 ^{1/}	
Funds Available:			· · · · · · · · · · · · · · · · · · ·	
Receipts	\$ 7,372.3	\$ 7,693.4	\$ 8,001.2	
Refund (Accrual Basis)	- 820.6	- 870.5	- 915.1	
School Infras. Refunds (Accrual)	- 410.6	- 432.1	- 444.3	
Accruals (Net)	61.3	16.0	- 1.3	
Transfers	108.7	110.3	99.3	
Subtotal Receipts	6,311.1	6,517.1	6,739.8	
Economic Emergency Fund Transfer	381.4	551.3	663.2	
Total Funds Available	\$ 6,692.5	\$ 7,068.4	\$ 7,403.0	
Expenditure Limitation			\$ 7,335.6	
Estimated Appropriations and Expenditure	es:			
Enacted Appropriations/FY 14 Baseline	\$ 5,999.7	\$ 6,222.6	\$ 6,222.6	
Adjustments to Standing Appropriations	10.2	4.5 ^{2/}		
Supreme Court Decision	- 15.9			
Supplemental/Deappropriations	18.5	43.0 ^{3/}		
Built-in and Anticipated Increases			376.1	
Total Appropriations	\$ 6,012.5	\$ 6,270.1	\$ 6,598.7	
Reversions	- 8.1	- 5.0	- 5.0	
Net Appropriations	\$ 6,004.4	\$ 6,265.1	\$ 6,593.7	
Ending Balance - Surplus	\$ 688.1	\$ 803.3	\$ 809.3	

^{1/} The FY 2013 and FY 2014 revenues are based the Revenue Estimating Conference's December 12 estimate and assumes increases of 3.3% and 3.4%, respectively in net receipts after transfers.

^{2/} The appropriation for State Aid to Schools was increased by \$4.5 million to reflect a changes in various factors that comprise the school aid formula including: enrollment, property valuations, and special education.

^{3/} A supplemental appropriation of \$43.0 million is currently projected for FY 2013 and is based on the Medicaid Forecasting Group's current mid-point estimate for FY 2013.

Estimated Contingent Liabilities for State Tax Credits

(Dollars in Millions)				
Tax Credit Program	FY 2012	FY 2013	FY 2014	of Total
Capped Programs				
High Quality Job Program	\$ -7.7	\$ -45.9	\$ -58.4	15.2%
Enterprise Zone Program	-8.2	-38.2	-38.4	10.0%
Historic Preservation and Cultural and Entertainment District Tax Credit	-29.8	-32.2	-37.4	9.8%
Renewable Energy Tax Credit	-3.4	-9.0	-17.0	4.4%
Enterprise Zone Program - Housing Component	-7.1	-11.8	-12.2	3.2%
School Tuition Organization Tax Credit	-7.2	-8.6	-9.0	2.3%
Accelerated Career Education Tax Credit	-3.6	-5.4	-5.4	1.4%
Endow Iowa Tax Credit	-2.9	-4.8	-5.0	1.3%
Agricultural Assets Transfer Tax Credit	-2.2	-3.9	-4.9	1.3%
Venture Capital Tax Credit - Iowa Fund of Funds	0.0	-4.3	-4.0	1.0%
Redevelopment Tax Credit	-0.3	-0.1	-2.8	0.7%
Wind Energy Production Tax Credit	-0.8	-1.5	-1.5	0.4%
Solar Energy System Tax Credit	0.0	-0.8	-1.3	0.3%
Venture Capital Tax Credit - Qualified Bus. or CommSeed Capital Fund	-0.5	-0.7	-1.3	0.3%
Wage-Benefits Tax Credit	-3.6	-2.2	-0.8	0.2%
Film, Television, and Video Project Promotion Program - Awarded	-0.3	-1.3	-0.3	0.1%
Venture Capital Tax Credit - Venture Capital Funds	-0.1	-0.2	-0.2	0.1%
Total Capped Programs	\$ -77.7	\$ -170.7	\$ -199.9	52.2%
Uncapped Programs				
Iowa Industrial New Job Training Program (260E)	\$ -49.9	\$ -51.0	\$ -51.6	13.5%
Research Activities Tax Credit	-35.9	-38.1	-40.9	10.7%
Earned Income Tax Credit	-30.6	-30.2	-26.4	6.9%
Supplemental Research Activities Tax Credit	-14.5	-15.8	-15.6	4.1%
Tuition and Textbook Tax Credit	-15.3	-15.1	-15.1	3.9%
Biodiesel Blended Fuel Tax Credit	-4.7	-6.4	-7.6	2.0%
Targeted Jobs Tax Credit from Withholding	-2.5	-4.6	-5.6	1.5%
Child and Dependent Care Tax Credit	-7.6	-6.3	-4.5	1.2%
New Jobs and Income Program	-10.4	-7.5	-4.4	1.1%
Ethanol Promotion Tax Credit	-3.3	-3.9	-2.7	0.7%
E85 Gasoline Promotion Tax Credit	-1.3	-1.4	-2.3	0.6%
Geothermal Heat Pump Tax Credit	0.0	-1.2	-1.8	0.5%
New Capital Investment Program	-0.4	-0.8	-1.6	0.4%
Charitable Conservation Contribution Tax Credit	-0.6	-0.8	-1.0	0.3%
Volunteer Firefighter and EMS Tax Credit	0.0	0.0	-0.9	0.2%
Early Childhood Development Tax Credit	-0.8	-0.5	-0.5	0.1%
E15 Gasoline Promotion Tax Credit	0.0	0.0	0.0	0.0%
Ethanol Blended Gasoline Tax Credit	0.0	0.0	0.0	0.0%
Total Uncapped Programs	\$ -177.8	\$ -183.5	\$ -181.7	47.4%
Other Programs				
Film Program - Under Review	0.0	-1.3	-1.4	0.4%
Funds Recovered from Defaulted Awards	0.2	0.0	0.0	0.0%
Tax Credit Program Total	\$ -255.3	\$ -355.5	\$ -383.0	100.0%

Notes:

Estimates are based on the Contingent Liabilities Report provided by the Department of Revenue.

FY 2012 is based on actual claims made by taxpayers, although the amounts may not reflect the amount of awards issued. The FY 2012 numbers may increase as additional tax credit claims are verified.

The numbers may not equal totals due to rounding.

State of Iowa Reserve Funds

(Dollars in Millions)

Cash Reserve Fund (CRF)	Actual Estimated FY 2012 FY 2013		Estimated FY 2014		
Funds Available					
Balance Brought Forward	\$ 341.2	\$ 450.3	\$ 466.8		
Gen. Fund Appropriation from Surplus	554.6	688.1	803.3		
Intrastate Receipts	0.5	0.0	0.0		
Total Funds Available	\$ 896.3	\$ 1,138.4	\$ 1,270.1		
Appropriations & Transfers					
Appropriations	\$ 0.0	\$ 0.0	\$ 0.0		
Total Appropriations & Transfers	\$ 0.0	\$ 0.0	\$ 0.0		
Reversions	3.2				
Excess Transferred to EEF	\$ - 449.2	\$ -671.6	\$ - 764.6		
Balance Carried Forward	\$ 450.3	\$ 466.8	\$ 505.5		
Maximum 7.5%	\$ 446.6	\$ 466.8	\$ 505.5		
Economic Emergency Fund (EEF)	Actual FY 2012	Estimated FY 2013	Estimated FY 2014		
Funds Available					
Balance Brought Forward	\$ 99.1	\$ 151.0	\$ 155.6		
Excess from Cash Reserve	449.2	671.6	764.6		
Other Receipts	2.2				
Total Funds Available	\$ 550.5	\$ 822.6	\$ 920.2		
Appropriations & Transfers					
Excess Transferred to General Fund	\$ - 381.4	\$ - 551.3	\$ -663.2		
Excess Transferred to Taxpayer Trust Fund	0.0	-60.0	-60.0		
Transfer to RIIF	0.0	-20.0	0.0		
SF 2071 - MH Property Tax Relief Fund	-7.2	0.0	0.0		
Missouri River Flood Damage	-2.9	0.0	0.0		
Executive Council - Performance of Duty	-8.0	-35.7	-28.5		
Balance Carried Forward	\$ 151.0	\$ 155.6	\$ 168.5		
Maximum 2.5%	\$ 148.9	\$ 155.6	\$ 168.5		
Combined Reserve Fund Balances	Actual	Estimated	Estimated		
	FY 2012	FY 2013	FY 2014		
Cash Reserve Fund	\$ 450.3	\$ 466.8	\$ 505.5		
Economic Emergency Fund	151.0	155.6	168.5		
Total CRF and EEF	\$ 601.3	\$ 622.4	\$ 674.0		

Taxpayer Trust Fund

(Dollars in Millions)

	Actual FY 2012		Estimated FY 2013		Estimated FY 2014	
Funds Available						
Balance Brought Forward	\$	0.0	\$	0.0	\$	60.0
Economic Emergency Transfer		0.0		60.0		60.0
Total Funds Available	\$	0.0	\$	60.0	\$	120.0
Total Expenditures	\$	0.0	\$	0.0	\$	0.0
Balance Carried Forward	\$	0.0	\$	60.0	\$	120.0

Taxpayer Trust Fund Calculation

(Dollars in Millions)

FY 2012	FY 2013	
\$ 6,311.1	\$ 6,517.1	
- 5,954.1	- 6,224.3	
\$ 357.0	\$ 292.8	
	\$ 6,311.1 - 5,954.1	

STATE OF IOWA

FY 2014 General Fund Built-in and Anticipated Expenditures

(Dollars in Millions)

Built-in Changes Estimates Human Services - Medical Assistance \$ 167.0 Revenue - Homestead Tax Credit 28.8 DNR - Resource Enhancement and Protection Program 20.0 Management - Technology Reinvestment Fund 17.5 Education - Instructional Support Program 14.8 Human Sevices - Dental Home for Children 11.0 Education - K-12 School Foundation Aid 17.9 Human Services - hawk-i 6.0 Public Safety - Peace Officer Retirement 5.0 Management - State Appeal Board Claims 3.4 Revenue - Elderly and Disabled Tax Credit 3.3 Education - Nonpublic School Transportation 2.6 Education - Child Development/A-Risk Program 1.9 Economic Development - World Food Prize 0.3 Contural Affairs - County Endowment Standing 0.1 Revenue - Military Service Tax Credit 2.91 Subtotal \$ 299.8 Anticipated Expenditure Changes 24.1 Corrections - Staff Additional CBC and Prison Beds \$ 24.1 Human Services - Mental Health Levy Equalization 18.0 Hea	(Bollato III (Villiotto))	LSA
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Human Services - Child Care Assistance 4.2 Inspection and Appeals - Medicaid Fraud Fund Replacement 3.0 Human Services - Child Welfare Programs 2.0 Corrections - Replace Expiring Federal Grants 1.8 Public Safety - Vehicle Depreciation 1.6 Public Safety - Peace Officer Retirement Contribution Increase 0.9 Human Services - CCUSO 0.8 Education - Reading Research Program 2.0 Subtotal \$76.3	Health Care Transformation Account	13.6
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Public Safety - Peace Officer Retirement Contribution Increase 0.9 Human Services - CCUSO 0.8 Education - Reading Research Program -2.0 Subtotal \$76.3	Corrections – Replace Expiring Federal Grants	1.8
Human Services - CCUSO0.8Education - Reading Research Program-2.0Subtotal\$ 76.3	Public Safety - Vehicle Depreciation	1.6
Human Services - CCUSO0.8Education - Reading Research Program-2.0Subtotal\$ 76.3	Public Safety - Peace Officer Retirement Contribution Increase	0.9
Subtotal \$ 76.3		0.8
Subtotal \$ 76.3		-2.0
Total Expanditure Increases \$ 276.1		\$
Total Experiuture increases \$ 370.1	Total Expenditure Increases	\$ 376.1

NOTES:

The above estimates for FY 2014 reflect the incremental increases above the enacted FY 2013 appropriations at the end of the 2012 Legislative Session. The estimates, although subject to change, are used to provide a preliminary projection of the General Fund and to identify significant expenditure changes to assist the General Assembly in evaluating budget decisions for the next fiscal year. There are unknown events that could have a significant impact on FY 2014 appropriations; however, it is not yet possible to estimate these impacts until additional information can be collected. These include:

- Collective Bargaining: Increased costs associated with State employee salary and benefit changes will
 not be known until negotiations have been completed through the collective bargaining process.
- 2. Sequestration of Federal Programs: The federal Budget Control Act of 2011 included a provision that automatically reduces federal spending, known as sequestration, through a combination of across-the-board spending reductions and spending targets in the event that the Joint Select Committee on Deficit Reduction did not adopt a deficit reduction plan. Due to the Committee's failure to adopt a deficit reduction plan, sequestration will go into effect on January 2, 2013, unless Congress takes additional action. Current estimates suggest reductions of of approximately \$72.5 million in federal funds to lowa in FFY 2013.